

YPB GROUP LTD

ABN 68 108 649 421

Securities Purchase Plan Offer Booklet

TO RAISE UP TO A\$6,050,000

CLOSING DATE: 5.00pm (AEST) on 17 April 2015

This document is important and requires your immediate attention. Carefully read this Offer Booklet and the attached Prospectus in full and consult your stockbroker, solicitor, accountant, licensed financial adviser or other professional adviser if you are in any doubt as to what to do.

This Offer Booklet not a prospectus. It does not contain all information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the SPP Shares and SPP Options offered by this document. This Offer Booklet does not take into account the individual investment objectives, financial situation or particular needs of each Eligible Shareholder.

If you do not lodge an Application for SPP Shares and SPP Options by 5.00pm (AEST) on 17 April 2015 you will not be issued SPP Shares or SPP Options in YPB Group Limited.

Chairman's Letter

6 March 2015

Dear Shareholder,

SECURITIES PURCHASE PLAN

On behalf of the Board, I am pleased to invite you to participate in the YPB Group Limited (ABN 68 108 649 421) (ASX:YPB) Securities Purchase Plan (**SPP**).

The Company is offering the opportunity for shareholders to apply under the SPP for additional shares in the Company at an issue price of \$0.30 per share (**SPP Share**) together with one (1) option over ordinary shares (**SPP Option**) for every four (4) SPP Shares subscribed for under the SPP at an issue price of \$0.01 per SPP Option (**SPP Offer**). The SPP Options have an exercise price of \$0.20 and an expiry date of 31 October 2017.

Eligible Shareholders may apply for up to A\$15,000 worth of SPP Shares and the equivalent A\$125 worth of SPP Options.

The issue of SPP Options is subject shareholder approval at the Company's upcoming Annual General Meeting (**AGM**). If shareholder approval for the issue of the SPP Options is not given, the SPP Offer will proceed as an offer for SPP Shares only. Any application monies in respect of the SPP Options will be returned to applicants.

If the SPP is fully subscribed and shareholder approval obtained at the AGM, up to 20,000,000 SPP Shares and 5,000,000 SPP Options in the Company may be issued pursuant to the SPP Offer.

The purpose of this SPP Offer is to allow existing shareholders an opportunity to increase their shareholding on terms consistent with those offered to new investors under the Placement announced to the market on Monday 23 February 2015. The funds raised will be used to help fund the ongoing expansion of the Company's anti-counterfeit invisible tracer and scanner technology and Brand Reporter business, and to fund the expansion currently being undertaken in the USA and through South East Asia. If the SPP Offer is fully subscribed, the SPP Offer will raise up to a maximum of A\$6,050,000 before expenses.

Participation in the Offer is entirely voluntary and open to all shareholders who were registered holders of ordinary shares in the Company at 5.00pm (AEST) on 20 February 2015 with a registered address in either Australia or New Zealand.

If you decide to participate, upon applying for SPP Shares, Eligible Shareholders will be taken to have also applied for the equivalent number of SPP Options (applying the 4 to 1 ratio). The SPP Shares and SPP Options will be issued on terms and conditions as set out in the attached Prospectus. Upon exercise of the SPP Options, shareholders will gain additional fully paid ordinary shares in the Company (ranking equally with existing fully paid ordinary shares) without brokerage costs.

The directors of the Company intend to participate in the SPP Offer with respect to their own shareholdings and key shareholders of the Company have indicated their present intention to take up their full Entitlement under the SPP Offer

The SPP Offer is non-renounceable and will open on 9 March 2015 and will close at 5.00pm (AEST) on 17 April 2015. The terms and conditions of the SPP Offer are contained in this Offer Booklet and the attached Prospectus. Please read both documents carefully and in their entirety.

On behalf of the Directors, I invite you to consider this opportunity to increase your investment in the Company.

Yours sincerely



John Houston
Executive Chairman
YPB Group Ltd

Important Information

This Offer Booklet is dated 6 March 2015. The information contained in this Offer Booklet is important and should be read in full.

The SPP Offer is only available for acceptance by Eligible Shareholders. This Offer Booklet does not constitute an offer in any place which, or to any person whom, it would not be lawful to make such an offer. Excluded Shareholders (being Shareholders with their registered addresses outside Australia and New Zealand as at the Record Date) will not be provided with this Offer Booklet and will not be able to participate in the SPP.

No person is authorised to give any information or make any representations in connection with the SPP other than as contained in this Offer Booklet or the attaching Prospectus. Any information or representation in connection with the SPP not contained in this Offer Booklet or the attaching Prospectus is not, and may not be relied on as having been, authorised by the Company (or any of its officers).

This is an Offer Booklet for an offer of continuously quoted securities (as defined in the Corporations Act) of the Company and has been prepared on a basis consistent with ASIC Class Order 09/425 and in accordance with the Corporations Act. In broad terms, ASIC Class Order 09/425 relates to securities purchase plan offers that do not require the provision of a prospectus or other disclosure document. As the Company has been suspended from trading for more than 5 days in the past 12 months, the Company is not entitled to the benefit of ASIC Class Order 09/425. Accordingly, the Company has prepared a Prospectus in respect of the Offer of the SPP Shares and the SPP Options under the SPP. Eligible Shareholders must read the Prospectus carefully and in its entirety and otherwise should rely upon their own knowledge of the Company, refer to disclosures made by it to the ASX, and refer to their professional advisers before deciding whether to participate in the SPP.

Eligible Shareholders will receive a Prospectus for the SPP Offer and an Application Form with this Offer Booklet.

Definitions of capitalised terms used in this Offer Booklet appear in the Glossary.

Privacy

The Company collects information about each Applicant provided on an Application for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Application, each Applicant agrees that the Company may use the information provided by that Applicant on that Application for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to the ASX and other regulatory authorities.

If you do not provide the information required on the Application, the Company may not be able to accept or process your Application.

An Applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. Access requests must be made in writing to the Company's registered office.

**YPB GROUP LIMITED
SECURITIES PURCHASE PLAN**

Terms of the SPP

On 23 February 2015, the Company announced the completion of a A\$3.1 million placement to institutional, sophisticated and professional investors, at an issue price of A\$0.30 per share (**Placement**). At the same time, the Company also announced the details of a securities purchase plan (**SPP**) to allow Eligible Shareholders to apply for up to A\$15,000 of SPP Shares and in respect of every four (4) SPP Shares subscribed for, an attaching option at an issue price of A\$0.01. The SPP Offer will raise up to a maximum of A\$6,050,000 of additional capital (before expenses).

The funds raised will be used to help fund the ongoing expansion of the Company's anti-counterfeit invisible tracer and scanner technology and Brand Reporter business, and to fund the expansion currently being undertaken in the USA and through South East Asia.

This Offer Booklet explains the terms and conditions of the SPP. The Prospectus contains further and more detailed disclosure in respect of the Offer of SPP Shares and SPP Options under the SPP.

1. Key Dates

The key dates of the SPP are as follows:

Record Date	5:00pm (AEDT) 20 February 2015
Announcement of proposed SPP	23 February 2015
Lodgement of Prospectus with ASIC and despatch of SPP Booklet	6 March 2015
SPP Offer Opening Date	9 March 2015
SPP Offer Closing Date	17 April 2015
Annual General Meeting	27 April 2015
Allotment Date of SPP Shares and SPP Options*	28 April 2015
Despatch Date and Trading Date for SPP Shares and SPP Options	29 April 2015

**The allotment of the SPP Options is subject to shareholder approval at the Annual General Meeting.*

All dates specified in this Offer Booklet are indicative and may be subject to change.

2. Eligibility to Participate

You are eligible to participate in the SPP (**Eligible Shareholders**) if you were a registered holder of fully paid ordinary shares in the Company as at 5:00pm (AEDT) on 20 February 2015 (**Record Date**) with a registered address in either Australia or New Zealand.

If you hold Shares on behalf of persons who reside outside Australia or New Zealand or who are "US Persons" (as defined in Regulation S of the *Securities Act of 1933* (as amended)) (**US Persons**) or who act for the account or benefit of a US Person, then you are not entitled to participate in the SPP.

Shareholders with registered addresses outside Australia or New Zealand as at the Record Date will also not be eligible to participate in the SPP Offer.

The Company has decided that it is unreasonable to make the SPP Offer to Excluded Shareholders, having regard to the number of Excluded Shareholders, the number and value of SPP Shares and SPP Options they would be offered, and the costs of complying with the relevant legal and regulatory requirements in those jurisdictions outside Australia and New Zealand.

The SPP Offer is non-renounceable by Eligible Shareholders. This means that you cannot transfer your right to purchase SPP Shares or SPP Options to any other person.

Participation in the SPP is entirely optional (subject to the eligibility criteria set out above).

3. Offer Price

The offer price per SPP Share is A\$0.30, being the same price at which the Placement was conducted. For every four (4) SPP Shares subscribed for, each Eligible Shareholder must also subscribe for (subject to shareholder approval) one (1) SPP Option at an offer price of A\$0.01. The exercise price for each SPP Option is A\$0.20 and the SPP Options expire on 31 October 2017.

The offer price for the SPP Shares and the SPP Options mirror the offer price under the Placement announced to the market on 23 February 2015.

On the Record Date the closing price of:

- Shares as traded on the ASX was \$0.3950; and
- Existing Options as traded on the ASX was \$0.2250.

The SPP Options will be in the same class as the Existing Options. The SPP Shares are offered at a 24% discount to the market price on the Record Date. The SPP Options are offered at a 95% discount to the market price on the Record Date.

No brokerage, commission or other participation costs are payable by you in respect of the acquisition of SPP Shares or SPP Options under the SPP.

Please note that the market price of Shares and Existing Options may rise or fall between the date on which the details of the SPP were announced, the date of this Offer Booklet and the date when the SPP Shares and SPP Options are allotted to you. This means that the price you pay per SPP Share or SPP Option may exceed the price of Shares or Existing Options at the time the SPP Shares or SPP Options are allotted to you.

Accordingly, you should seek your own independent financial advice in relation to this Offer Booklet and your participation in the SPP.

4. Disclosure

As the Company has been suspended from trading for more than 5 days in the past 12 months, the Company is not entitled to rely on the relief from disclosure contained in ASIC Class Order 09/425 in respect of the offer of the SPP Shares and SPP Options under the SPP Offer. Accordingly the Company has prepared a Prospectus for the offer of SPP Shares and SPP Options under the SPP. A copy of the Prospectus has been provided with this Offer Booklet.

5. Shareholder approval of SPP Options

Although the Company is not entitled to rely on the relief from disclosure granted under ASIC Class Order 09/425 for the issue of the SPP Shares, in order to obtain a standard waiver from ASX Listing Rule 7.1 and Listing Rule 10.11 in respect of the issue of the SPP Shares, the Company must make the offer of SPP Shares generally in accordance with the ASIC Class Order 09/425.

The ASIC Class Order 09/425 does not apply to the issue of the SPP Options. The Company must obtain the approval of shareholders for the issue of the SPP Options. As the issue of all of the SPP Options must be approved by shareholders, the Company has sought a waiver of Listing Rule 10.11

to the extent any SPP Options are to be issued to related parties under the SPP. The Company has also sought a waiver of Listing Rule 7.3.8 such that shareholders who are to receive SPP Options will not be excluded from voting on the issue of the SPP Options.

6. Participation by Eligible Shareholders

In accordance with ASIC Class Order 09/425 the offer of SPP Shares under SPP Offer must comply with the prescribed subscription limit, which means Eligible Shareholders may only acquire a maximum of A\$15,000 worth of SPP Shares under a securities purchase plan or similar arrangement in any 12-month period.

The Company has not undertaken any other securities purchase plan in the previous 12-month period. As the SPP Options are not governed by the ASIC Class Order 09/425 or the waiver of ASX Listing Rule 7.1, the maximum of \$15,000 does not apply to the SPP Options. Each Eligible Shareholder who accepts an offer for SPP Shares must acquire one (1) SPP Option for every four (4) SPP Shares. Accordingly the total maximum subscription for SPP Shares and SPP Options is A\$15,125.

Each Eligible Shareholder may participate in the SPP in respect of the SPP Shares in A\$3,000 increments (which including SPP Options will total A\$3,025) from a minimum of A\$3,000 up to a maximum of A\$15,000 (subject to scale back).

The following table sets out how the A\$15,000 subscription limit will be applied in accordance with the ASIC Class Order 09/425:

If you receive more than one offer under the SPP.	You may only apply for up to a maximum amount of A\$15,000 for SPP Shares and the required number of SPP Options.
If you are recorded with one or more other persons as joint holder of Shares.	A joint holding is considered to be a single registered holding for the purpose of the SPP. Joint holders are only entitled to participate in the SPP in respect of that single holding. If the same joint holders receive more than one offer under the SPP due to multiple identical holdings, the joint holders may only apply for one maximum amount of A\$15,000 of SPP Shares.
If you hold Shares as a custodian or nominee for one or more beneficiaries.	<i>"Custodians" as defined in ASIC Class Order 09/425</i> If you hold Shares as a "custodian" (as defined in ASIC Class Order 09/425), then you may apply for a maximum amount of A\$15,000 of SPP Shares for each participating beneficiary, provided that you complete the Application Form and a Custodian Certificate, and submit them together with the Application Payment to the Share Registry before the Closing Date. Please contact the Share Registry to obtain the form of the Custodian Certificate which you are required to submit. <i>All other custodians and nominees</i> If you hold Shares as a trustee or nominee for another person, but are not a "custodian" as defined in ASIC Class Order 09/425, you cannot participate for beneficiaries in the manner described above. You may only apply for up to a maximum amount of A\$15,000 of SPP Shares, regardless of the number of participating beneficiaries.

The SPP will be capped at A\$6,050,000. The Company reserves the right to scale back Applications in any of the following circumstances:

- a) if total demand exceeds A\$6,050,000 or
- b) if a Shareholder's Application Payment for SPP Shares exceeds A\$15,000; or
- c) if a Shareholder's Application Payment for SPP Shares and SPP Options is less than A\$3,025;
- d) if a Shareholder's Application Payment is between A\$3,025 and A\$15,125, but is not a multiple of A\$3,025; or
- e) if the issue of the SPP Options is not approved by shareholders at the Annual General Meeting.

If total demand exceeds A\$6,050,000 the Company will scale back Applications substantially on a pro rata basis, based on the number of SPP Shares and SPP Options Shareholders have applied for respectively, subject to such adjustments as the Board determines appropriate. Fractional entitlements will be rounded down.

If shareholder approval for the issue of the SPP Options is not obtained at the Annual General Meeting the Company will scale back each Application to provide only for the allotment of the SPP Shares contained in each Application and not the SPP Options.

If an Application is scaled back, any difference between the Application Payment and the issue price of the SPP Shares and SPP Options allotted to you will be refunded by the Company, without interest. Such amounts will be refunded following the allotment of SPP Shares and/or SPP Options.

7. Applying for SPP Shares and SPP Options

If you wish to apply for SPP Shares and SPP Options under the SPP, please complete the Application Form accompanying the Prospectus and make payment in accordance with the directions set out in the Prospectus.

If you are a "custodian" as defined in ASIC Class Order 09/425, you must also submit a Custodian Certificate with your Application Form and Application Payment. Please contact the Share Registry to obtain the form of the Custodian Certificate which you are required to submit.

All Application Forms must reach the Share Registry by 5.00pm (AEST) on 17 April 2015 (**Closing Date**). The Company reserves the right to extend the Closing Date.

By making an Application to purchase SPP Shares under the SPP:

- a) you warrant that you are an Eligible Shareholder;
- b) you acknowledge your Application Form is irrevocable and unconditional;
- c) you certify and represent in favour of the Company that the total of the application price for SPP Shares and any other Shares issued to you pursuant to a purchase plan in the preceding 12 months, whether the subject of your Application or the subject of any other application made by you, on your behalf (by a custodian or otherwise) or in conjunction with any other person, does not exceed A\$15,000;
- d) you authorise the Company and the Share Registry (and their officers, employees or agents) to correct any error or omission in your Application Form and to complete the Application Form by the insertion of any missing details;
- e) you accept the risk associated with any refund of your Application Payment that may be paid to you by direct credit or cheque to your address shown on the Company's members register; and

- f) you irrevocably and unconditionally agree to be bound by the Terms of the SPP and the Company's constitution.

(Please note that the Company has not undertaken any other securities purchase plan in the previous 12-month period.)

The Company reserves the right to reject any Application which it believes does not comply with the Terms of the SPP.

8. Allotment of SPP Shares

SPP Shares are expected to be allotted on 28 April 2015 and the Company will apply for those SPP Shares to be listed for quotation on ASX.

The Company expects to despatch a holding statement or confirmation advice in respect of the SPP Shares allotted to you under the SPP on 29 April 2015.

All SPP Shares issued under the SPP will rank equally with existing Shares from the date of issue, and therefore will carry the same voting rights, dividend rights and other entitlements as existing Shares.

9. Allotment of SPP Options

Subject to shareholder approval, the SPP Options are expected to be allotted at the same time as the SPP Shares on 28 April 2015 and the Company will apply for those SPP Options to be listed for quotation on ASX. If shareholder approval is not obtained by the Company at the Annual General Meeting on 27 April 2015, the Company will not issue the SPP Options and Applicants will receive a refund of that part of their Application Payment which relates to the offer price for the SPP Options.

The Company expects to despatch a holding statement or confirmation advice in respect of the SPP Options allotted to you under the SPP on 29 April 2015.

All SPP Options issued under the SPP will be in the same class as the Existing Options. Each SPP Option entitles the holder to acquire one ordinary share in the Company (which ranks equally with existing shares on issue in the Company) at an exercise price of \$0.20. Each SPP Option must be exercised on or before 31 October 2017. The terms of the SPP Options are set out in detail in the Prospectus.

10. Shortfall

The SPP Offer is not underwritten. The Directors will not place any Shortfall.

11. Disputes

The Board may settle, in any manner it thinks fit, any disputes or anomalies which may arise in connection with or by reason of the operation of the SPP, whether generally or in relation to any Shareholder, Applicant or Application. The decision of the Board will be conclusive and binding on all persons to whom the determination relates. The Company reserves the right to waive strict compliance with or vary any provision of the Terms of the SPP, or to vary, suspend or terminate the SPP at any time without notice.

12. Governing Law

This offer is governed by the law in force in New South Wales, Australia. By accepting the SPP Offer, you submit to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

13. Enquiries

For all enquiries regarding the SPP, your holding of Shares, change of address or other registry matters, please contact Boardroom Pty Limited on 1300 737 760 (for callers within Australia) and +61 2 9290 9600 (for callers outside Australia).

**YPB GROUP LIMITED
SECURITIES PURCHASE PLAN**

Glossary

A capitalised term used in this Offer Booklet has the meaning specified below:

A\$	Australian dollars.
Applicant	An Eligible Shareholder who returns an Application.
Application	An application for SPP Shares and SPP Options under the SPP.
Application Form	The application form attached to this Offer Booklet and the Prospectus.
Application Payment	The payment of the issue price under the SPP (ie, A\$0.30 per SPP Share and A\$0.01 per SPP Option) submitted by an Applicant for the purposes of making an Application.
ASX	ASX Limited (ABN 98 008 624 691).
ASX Listing Rules	The official Listing Rules of the ASX.
Board	The board of Directors.
Closing Date	5:00pm (AEST) on 17 April 2015(unless varied).
Company or YPB	YPB Group Limited (ABN 68 108 649 421).
Corporations Act	<i>Corporations Act 2001</i> (Cth) as amended from time to time.
Custodian Certificate	A certificate required to be submitted by a custodian together with an Application in accordance with this Offer Letter.
Directors	The directors of the Company.
Eligible Shareholder	A Shareholder recorded on the Register at the Record Date with an address in Australia or New Zealand.
Excluded Shareholders	Shareholders other than Eligible Shareholders.
SPP Shares	The Shares offered under the SPP Offer.
SPP Options	The Options to subscribe for new Shares offered under the SPP Offer.
Offer Booklet	This offer booklet under which the SPP Offer is being made.
Placement	YPB's \$3.1 million placement to sophisticated and institutional investors announced on 23 February 2015.
Record Date	5:00pm (AEDT) on 20 February 2015
Share Registry	Boardroom Pty Limited (ABN 14 003 209 836).
Shareholder	A holder of Shares.
Shares	Fully paid ordinary shares in the capital of the Company.
Shortfall	Those SPP Shares or SPP Options not allotted to any Applicant.
SPP	The securities purchase plan being conducted by the Company as described in this Offer Booklet and the Prospectus.
SPP Offer or Offer	The offer of SPP Shares and SPP Options pursuant to the SPP.
Terms of the SPP	The terms and conditions set out in this Offer Booklet and the Prospectus, including any modifications made by the Company.

**YPB GROUP LIMITED
SECURITIES PURCHASE PLAN**

Corporate Directory

Directors

John Houston – Executive Chairman, CEO
Dr. Geoffrey Raby – Non-Executive Director
Su (George) Su – Non-Executive Director
Robert Whitton – Non-Executive Director

Company Secretary

Robert Whitton

Registered Office

Level 29
66 Goulburn Street
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F: (02) 8263 4111

Website

<http://www.ypbsystems.com/>

Legal Advisers

Thomsons Geer
Level 25
1 O'Connell Street
Sydney NSW 2000
Australia

Auditors*

Hall Chadwick
Level 40
2 Park Street
SYDNEY NSW 2000

Share Registry*

Boardroom Pty Limited
Level 7
207 Kent Street
SYDNEY NSW 2000

**These entities are included for information purposes only. These entities have not been involved in the preparation of this document.*

YPB GROUP LIMITED

SECURITIES PURCHASE PLAN

Prospectus